

Adopted	Rejected
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COMMITTEE REPORT

YES:	6
NO:	4

MR. SPEAKER:

*Your Committee on Insurance, Corporations and Small Business, to which was referred Senate Bill 277, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1 Page 1, between the enacting clause and line 1, begin a new
- 2 paragraph and insert:
- 3 "SECTION 1. IC 27-1-3-7.5 IS ADDED TO THE INDIANA CODE
- 4 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE
- 5 UPON PASSAGE]: **Sec. 7.5. (a) As used in this section, "credit**
- 6 **information" means credit related information obtained through**
- 7 **a review of a credit history, credit report, or credit score, or on an**
- 8 **application for a policy of property and casualty insurance.**
- 9 **(b) As used in this section, "insurer" means a person that:**
- 10 **(1) is described in IC 27-1-2-3(x); and**
- 11 **(2) issues a policy of property and casualty insurance.**
- 12 **(c) As used in this section, "property and casualty insurance"**
- 13 **means one (1) or more of the kinds of insurance described in Class**
- 14 **2 and Class 3 of IC 27-1-5-1.**
- 15 **(d) The department shall adopt rules under IC 4-22-2 to**
- 16 **regulate an insurer's use of credit information in underwriting a**

1 **policy of property and casualty insurance.**

2 SECTION 2. IC 27-1-12.5-3 IS AMENDED TO READ AS
3 FOLLOWS [EFFECTIVE JULY 1, 2002]: Sec. 3. (a) The minimum
4 values as specified in sections 4, 5, 6, 7, and 9 of this chapter of any
5 paid-up annuity, cash surrender or death benefits available under an
6 annuity contract shall be based upon minimum nonforfeiture amounts
7 as defined in this section.

8 (b) With respect to any annuity contract providing for flexible
9 considerations, the minimum nonforfeiture amounts at any time at or
10 prior to the commencement of any annuity payments shall be equal to
11 an accumulation up to such time at a rate of interest of three percent
12 (3%) per annum of percentages of the net considerations (as hereinafter
13 defined) paid prior to such time, decreased by the sum of:

14 (1) any prior withdrawals from or partial surrenders of the
15 contract accumulated at a rate of interest of three percent (3%) per
16 annum, and

17 (2) the amount of any indebtedness to the company on the
18 contract, including interest due and accrued,

19 and increased by any existing additional amounts credited by the
20 company to the contract. The net considerations for a given contract
21 year used to define the minimum nonforfeiture amount shall be an
22 amount not less than zero and shall be equal to the corresponding gross
23 considerations credited to the contract during that contract year less
24 than an annual contract charge of thirty dollars (\$30.00) and less a
25 collection charge of one dollar and twenty-five cents (\$1.25) per
26 consideration credited to the contract during that contract year. The
27 percentages of net considerations shall be sixty-five percent (65%) of
28 the net consideration for the first contract year and eighty-seven and
29 one-half percent (87.5%) of the net considerations for the second and
30 later contract years. Notwithstanding the provisions of the preceding
31 sentence, the percentage shall be sixty-five percent (65%) of the
32 portion of the total net consideration for any renewal contract year
33 which exceeds by not more than two (2) times the sum of those
34 portions of the net considerations in all prior contract years for which
35 the percentage was sixty-five percent (65%).

36 (c) With respect to any annuity contract providing for fixed
37 scheduled considerations, minimum nonforfeiture amounts shall be
38 calculated on the assumption that considerations are paid annually in

advance and shall be defined as for contracts with flexible considerations which are paid annually with two (2) exceptions:

(1) The portion of the net consideration for the first contract year to be accumulated shall be the sum of sixty-five percent (65%) of the net consideration for the first contract year plus twenty-two and one-half percent (22.5%) of the excess of the net consideration for the first contract year over the lesser of the net considerations for the second and third contract years.

(2) The annual contract charge shall be the lesser of (i) thirty dollars (\$30.00) or (ii) ten percent (10%) of the gross annual consideration.

(d) With respect to any annuity contract providing for a single consideration, minimum nonforfeiture amounts shall be defined as for contracts with flexible considerations except that the percentage of net consideration used to determine the minimum nonforfeiture amount shall be equal to ninety percent (90%) and the net consideration shall be the gross consideration less a contract charge of seventy-five dollars (\$75.00).

(e) Notwithstanding any other provision of this section, the minimum nonforfeiture amount for any contract issued on or after July 1, 2002, and before July 1, 2004, shall be based on a rate of interest of one and one-half percent (1.5%) per annum."

Page 1, line 1, delete "IC 27-8-10-2.2" and insert "IC 27-8-10-2.3".

Page 1, line 3, delete "2.2." and insert "**2.3.**".

Page 1, line 17, delete "January 1, 2003," and insert "**December 1, 2002,**".

Page 1, line 17, delete "January 30" and insert "**December 31**".

Page 2, line 1, after "year" insert ",."

Page 2, line 10, delete "IC 27-8-10- 2.1(g)" and insert "**IC 27-8-10-2.1(g)**".

Page 2, after line 14, begin a new paragraph and insert:

"SECTION 5. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 27-1-3-7.5, as added by this act, the department of insurance shall carry out the duties imposed upon the department of insurance under IC 27-1-3-7.5, as added by this act, under interim written guidelines approved by the commissioner of the department of insurance.

(b) This SECTION expires on the earlier of the following:

1 **(1) The date rules are adopted under IC 27-1-3-7.5, as added**
2 **by this act.**

3 **(2) December 31, 2006.**

4 **SECTION 6. An emergency is declared for this act."**

5 Renumber all SECTIONS consecutively.

(Reference is to SB 277 as reprinted February 4, 2002.)

and when so amended that said bill do pass.

Representative Crooks